



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

July 20, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**HALL OF JUSTICE REPAIR AND REUSE PROJECT  
ESTABLISH NEW CAPITAL PROJECT  
(ALL DISTRICTS AFFECTED) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize and establish a new Capital Project (C.P. No. 86630) for the Hall of Justice Repair and Reuse Project.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this letter is to gain Board approval of a revised delivery method of the Hall of Justice (Hall) earthquake repair and seismic retrofit project as a capital project rather than a developer lease and to take steps to complete the design phase required for the demolition of unnecessary building components and the removal/remediation of potentially hazardous materials. The Hall is a historic building, occupying a key real estate parcel in the Civic Center. Its repair and reuse are important to the revitalization of downtown Los Angeles in general and the Civic Center specifically. This project affords the County a unique opportunity to use a valuable asset to meet several departments' downtown space needs while participating in the revitalization of the Civic Center area.

**Developer Lease Negotiations**

Following a Request for Proposal (RFP) process, in November of 2001, your Board authorized the Chief Administrative Office (CAO) to enter into exclusive negotiations with the Hall of Justice Associates (HOJA) for the repair/seismic retrofit and adaptive reuse of the Hall of Justice. The concept of the RFP was to find a qualified developer to complete

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the project on a turnkey basis for a fixed price. HOJA represented at that time that they were willing to take the risk of completing the project at an estimated cost of \$123 million.

A Predevelopment Services Agreement (Agreement) was subsequently negotiated with HOJA to provide for the preparation of an Environmental Impact Report and the physical testing of the building. This Agreement was approved in December of 2002 and provided for reimbursement to HOJA of third-party costs.

During negotiations for a second agreement with HOJA, which would have continued design work pending completion of the environmental assessment/environmental impact report (EA/EIR), it became apparent that HOJA was not prepared to assume the potential risk associated with unforeseen building conditions. Since shifting this risk to the developer was a fundamental premise of the developer driven, design-build approach required by the RFP, the Agreement with HOJA was terminated. This allowed the County to pursue other project delivery alternatives while directing completion of the EA/EIR process and completion of the testing program.

### **Revised Project Delivery Plan**

Since termination of the relationship with HOJA we have endeavored to validate whether the County could perform the project through a traditional design, bid, build process within the resources previously identified for the project. With the assistance of an outside project management firm, we have provisionally concluded that going forward with the project as a County capital project is feasible.

We are recommending that the repair/retrofit of the Hall be accomplished through the standard design, bid, build process. In order to mitigate the risk of unforeseen building conditions, we propose to complete the abatement of hazardous materials and demolition of unnecessary building components prior to the public bidding of the project. We believe this approach will allow for any potential unforeseen building conditions to be recognized early in the process and addressed with the lowest possible cost impact.

We propose to proceed with the project incrementally using the following milestones and decision points:

- Award of design contracts for demolition and hazardous material removal

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- Approval of EA/EIR and award of demolition contract
- Award of architectural/rehabilitation design contract
- Award of construction contract

The Hall of Justice Project Advisory Committee (PAC) has been briefed on the status of the project review and supports the recommendation to proceed as a capital project.

### **Recent Activity**

Since the relationship with HOJA was terminated, we have been engaged in the following activity related to the project:

- EA/EIR preparation: This document has been prepared and submitted for public comment. Finalization is pending review and approval of the document by the State Office of Emergency Services (OES), the Federal Emergency Management Agency (FEMA) and the State Historic Preservation Office (SHPO).
- FEMA Submittal: We have requested that OES/FEMA approve an alternative scope of repair and hazard mitigation other than that originally approved by FEMA.
- Testing: Field testing of structural components of the building has continued with the preliminary results expected shortly.
- Negotiations: We have concluded an RFP process for a consultant to conduct a hazardous materials study and completion of design documents for the removal/remediation of potentially hazardous materials. We have also negotiated a scope of work for the architect to complete design documents for the removal of unnecessary building components.

### **Next Steps**

Upon approval of the recommended project delivery method, the next steps are as follows:

- Award contracts for 1) the design documents for unnecessary building

component removal, and 2) a hazardous materials study and design documents for removal/remediation.

- Award a contract for a Historic American Buildings Survey (HABS) to photograph and document the building which will be incorporated into the Historic Structures Report as part of our Mitigation Measures per the EA/EIR.
- Negotiation of a Memorandum of Agreement with FEMA and SHPO which will govern the preservation of historic features in the building.
- Finalization of the EA/EIR.
- Update of estimated project cost by an outside Cost Estimator.

Upon finalization of the EA/EIR and the design documents for the demolition/removal of unnecessary building components and hazardous material removal/remediation, we will return to your Board to seek adoption of the EA/EIR and approval for award of a Demolition Contract. Following completion of the demolition work and preparation of an updated project cost estimate, we will return to your Board to award a design services contract for the design of the repair and adaptive reuse phase of the Project.

### **Project Description**

The existing building consists of approximately 537,585 gross square feet which includes one basement level and 14 above-grade floors. The upper four floors were the jail facilities with lower than normal ceiling heights. The proposed project recommends removal of the jail facilities including two of the jail floors in their entirety in order to create sufficient ceiling height on the remaining two floors for an adaptive reuse as office space. The seismic retrofit consists of new shear walls, tie beams and interior foundations to enhance the building performance in the event of another seismic event. The completed building will have one basement level and 12 above-grade floors and consist of approximately 456,909 gross square feet (325,000 of which will be useable square feet for office use).

As a result of the repair/seismic retrofit, the project will include the replacement of the inoperable, obsolete, and non-building code compliant mechanical, electrical, and plumbing systems and equipment and repair/restoration of the historic exterior wall

elements and certain historically significant areas that were either damaged as a result of the Northridge Earthquake or are impacted by the necessary repairs. Additionally, the project includes the development of a new multi-level parking structure with 1,000 parking spaces on the site, landscape and hardscape improvements, architectural and security lighting and necessary upgrades to the utility systems.

The completed building will serve as the headquarters for the Sheriff, which will occupy approximately 52 percent of the office space, and the Department of Parks and Recreation which will use approximately 13 percent of the office space. The remaining 35 percent of the building will be used to house staff of the District Attorney, CAO, Public Defender and Alternate Public Defender.

#### **Implementation of Strategic Plan Goals**

The recommended action is in compliance with County Strategic Goal #4, "Fiscal Responsibility", to manage the resources we have effectively.

#### **FISCAL IMPACT/FINANCING**

##### **Predevelopment Services Agreement with HOJA**

The Agreement with HOJA provided for the County to reimburse HOJA for the actual costs of third-party consultants' services performed pursuant to the scope of the Agreement up to a maximum cost of \$840,000. Invoices in the amount of \$495,881 have been paid for work completed by HOJA.

Under the terms of the Agreement, third-party contracts with HOJA can be assigned to the County, as needed. The County has entered into direct contracts with the third-party contractors to complete the EAEIR and physical testing. The balance of the contract amount will fund this effort.

##### **Estimated Project Cost**

The preliminary Project Cost of \$126,700,000 was based on HOJA's May 2001 proposal. Recent volatility and substantial increases in the price of building materials have been

dramatic and have rendered HOJA's proposal obsolete. Prior to seeking your Board's approval of the remaining design services for the Repair and Reuse Project, the cost estimate must be updated.

The estimate for the hazardous material removal and demolition phase is approximately \$14 million. We recommend proceeding with the removal of the potentially hazardous materials and the removal of the unnecessary building components prior to updating the project cost estimate. This activity is necessary to not only yield an accurate cost estimate but also to prepare the building for any future use or disposition.

The Hall of Justice cannot be left in its current condition. Whether we proceed with the proposed project, a sale for other uses or mothball the building, all these activities require other expenditures. The described expenditures are justified and these costs will be reflected in the value of the facility at the point of its disposition.

The contracts required for the design services for the demolition and removal of hazardous materials will be presented to your Board in a separate board letter by the Department of Public Works.

### **Project Funding**

Funding to complete the project will entail a variety of one-time resources and new bond proceeds. There is \$50.8 million in available funding and \$75.9 million that will be financed, as follows:

\$ 840,000	Project & Facility Development Budget (PDSA funding)
20,000,000	Earnings on Bond Proceeds – Sheriff Contribution
12,000,000	Asset Development Improvement Fund – Parks Headquarters
<u>\$ 18,000,000</u>	FEMA's Grant Acceleration Program funding
<b>\$ 50,840,000</b>	<b>Total Available One-time Funding</b>
<b><u>\$ 75,860,000</u></b>	<b>Bond Proceeds</b>
<b>\$126,700,000</b>	<b>Total Project Cost</b>

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On January 17, 1994, the Northridge Earthquake caused extensive damage to the building. The County successfully completed negotiations with FEMA to secure \$18 million in repair and hazard mitigation funding through FEMA's Grant Acceleration Program which will be applied toward the cost of the project. The primary purpose of the project is to repair and reuse the Hall of Justice by seismically retrofitting the earthquake damaged building while preserving impacted historic features to the extent feasible. The development of a parking structure with the capacity for 1,000 cars is also proposed. The deadline for completion of the project to meet federal requirements for using the FEMA funding is December 2006, therefore negotiations for a time extension will be required to ensure the availability of that funding source.

FEMA has also reimbursed the County for approximately \$13 million in rent for leased replacement space for tenants displaced due to the Hall of Justice being red-tagged and closed as a result of the Northridge Earthquake. The County would be required to reimburse FEMA for this amount if the Hall of Justice project is not completed and reoccupied by the County. It is essential to show progress in the programming, design, repair and adaptive reuse of the facility in order to demonstrate to FEMA that the project will be completed and a time extension should be granted.

In the event the project does not proceed to completion, it may be necessary to "mothball" the building which will require other actions to be taken at additional costs without the benefit of the FEMA funding.

### **ENVIRONMENTAL DOCUMENTATION**

The recommended actions will have no impact on the environment. As stated above, the environmental process for the Hall of Justice project is continuing under direct management of the CAO and is expected to be completed in late 2004.

### **CONTRACTING PROCESS**

Not Applicable.

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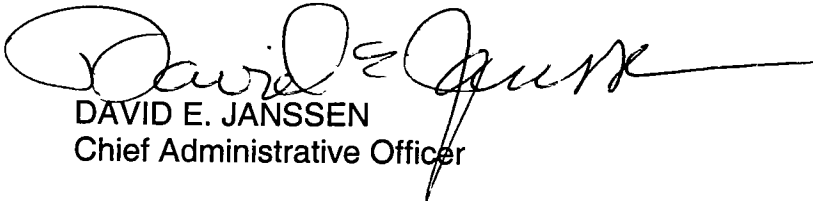
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

None.

**CONCLUSION**

It is requested that the Executive Officer-Clerk of the Board return one adopted copy of this letter to the Chief Administrative Office, Capital Projects Division.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:JSE  
CCF:rr

c: County Counsel  
Sheriff  
District Attorney  
Parks and Recreation Department  
Public Works